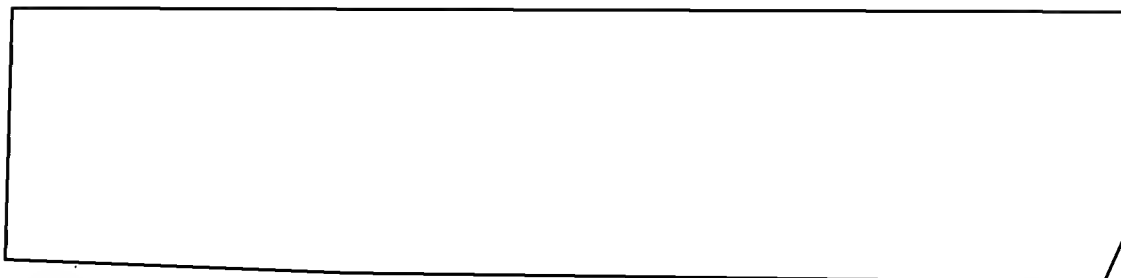



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Dear Mr. Hoover:



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receive some clarification of the US attitude toward military aid and that the position of our new Ambassador may be seriously prejudiced from the outset if he is unable to provide satisfactory assurances of US interest in strengthening Iran militarily.

We recognize that the aid issue is a complicated one. Iran's ability to absorb and effectively utilize large quantities of aid is still uncertain, and it may be impossible to firm up a realistic long-range aid program at any early date. Nevertheless, the Shah is a sensitive and mercurial individual who occupies a critical role in maintenance of Iran's stability. While it is not within my competence to pass judgements on the diplomatic and military considerations involved in the aid issue, it is our intelligence appraisal, based  on an analysis of the over-all situation in Iran, that failure to provide the Shah with a reasonably

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precise statement of the role we hope Iran will play in regional defense preparations, and with some tangible evidence of our good faith, may have the following adverse consequences:

(a) The Shah may conclude that the US has no serious intention of developing Iran's capabilities for defense against possible Soviet attack. This would be a serious blow to the Shah's morale, adversely affecting not only his interest in participation in regional defense activities but also his determination to strengthen his country internally.

(b) Iranian political and popular opinion would tend to interpret the Shah's failure to obtain satisfaction from the US on the military aid issue as an indication that US interest in the future of Iran and US support for the Shah himself were diminishing. This would encourage the revival of anti-regime extremist elements and might facilitate the eventual reemergence of another Mossadeq-type government backed by fanatical nationalist elements and the Communists.

This matter was discussed briefly in the OCB meeting somewhat along the above lines and as Deputy Secretary of Defense Anderson was not present at that meeting, I am sending him a copy of this letter.

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| TO             | INITIALS | DATE |
|----------------|----------|------|
| 1 The Director |          |      |
| 2              |          |      |
| 3              |          |      |
| 4              |          |      |
| 5              |          |      |
| FROM           | INITIALS | DATE |
| 1 Sherman Kent |          |      |
| 2              |          |      |
| 3              |          |      |

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| <input type="checkbox"/> COMMENT     | <input type="checkbox"/> PREPARATION OF REPLY | <input type="checkbox"/> DISPATCH  |
| <input type="checkbox"/> CONCURRENCE | <input type="checkbox"/> RECOMMENDATION       | <input type="checkbox"/> FILE      |

Remarks: Abbot Smith and I have read your letter and talked it over with [redacted] (our Middle East staffer). All of us felt that its emphasis was slightly askew. We suggest something milder along the lines of the attached.

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CENTRAL INTELLIGENCE AGENCY  
OFFICIAL ROUTING SLIP

| TO   |              | INITIALS | DATE    |
|------|--------------|----------|---------|
| 1    | Mr. Kent     |          |         |
| 2    |              |          |         |
| 3    |              |          |         |
| 4    |              |          |         |
| 5    |              |          |         |
| FROM |              | INITIALS | DATE    |
| 1    | The Director | AWD      | 27 June |
| 2    |              |          |         |
| 3    |              |          |         |

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| <input type="checkbox"/> CONCURRENCE | <input type="checkbox"/> RECOMMENDATION       | <input type="checkbox"/> FILE      |

Remarks:

Mr. Kent:

The Director would like your comments  
on the attached letter when he returns  
from New York tomorrow.

H. A.

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